

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0792-01  
Bill No.: HB 303  
Subject: Chiropractors; Medicaid; Health Care  
Type: Original  
Date: February 16, 2015

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Bill Summary: This proposal requires the MO HealthNet Division to reimburse licensed chiropractors for specific services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$3,543,650)	(\$4,333,175)	(\$4,415,506)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$3,543,650)</b>	<b>(\$4,333,175)</b>	<b>(\$4,415,506)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenditures to exceed \$7.5 million annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state this legislation requires chiropractors to be reimbursed under MO HealthNet for providing services currently covered by MO HealthNet and within the scope of chiropractic practice. This legislation will increase utilization of currently paid procedure codes.

Studies that determined the utilization of chiropractic care in the general population were reviewed to determine the potential number of MO HealthNet (MHN) participants who might receive chiropractic care if this legislation passed. It is assumed that utilization in the MHN population will be similar to the general population. The National Center for Health Statistics (December 10, 2008) found that 8.6% of adults and 2.8% of children used chiropractic or osteopathic manipulation within the previous 12 months. MHD chose to use 9% for adults and 3% for children as the estimate of the percentage of the MHN population that will use chiropractic services.

The number of MHN participants age 19 and above in FY2014 was 384,356. It is estimated that 34,592 (384,356 participants x 9%) participants will utilize chiropractic care. There were 509,234 children less than 19 years of age in FY2014. It is estimated that 15,277 (509,234 MHN children x 3%) will utilize chiropractic care. Therefore, a total of 49,869 (34,592 adults + 15,277 children = 49,869) participants are estimated to use chiropractic care.

It is assumed under this legislation chiropractors would, at a minimum, bill for manipulative treatment and certain physical therapies. Procedure codes 98925, 98926, 98927, 98928, and 98929 are codes which are currently utilized for osteopathic manipulative treatment. An average rate for these procedure codes is \$28.93.

The number of medically necessary chiropractic visits that will be prior authorized for each participant is not known. For the purpose of the fiscal note it is assumed that a series of 8 visits per year will be authorized. It is possible that some participants will receive more visits and some less. The annual cost for one person will be \$231.44 (8 visits x \$28.93=\$231.44). The total yearly cost would be \$11,541,681 (\$231.44 x 49,869 participants).

It is assumed under this legislation that an increase in provider access from the addition of chiropractic providers will increase utilization for other physical therapy services within the chiropractic scope of work that are typically offered by a physician's office. Procedure codes 97014, 97032, 97035, 97110, 97124 and 97140 are therapy codes highly utilized in the physician office setting that could fall under the chiropractor's scope of work. Physical therapy is not

ASSUMPTION (continued)

currently a covered benefit for adults. While the increased cost from children assessing these services is unknown, at this time, MHD assumes 500 children less than 19 years of age may receive 8 treatments at a weighted average cost of \$13.07. The yearly cost for physical therapy would be \$52,280 (500 children X \$13.07/treatment X 8 treatments).

It is assumed there will be only a 10 month cost in FY16. Medical inflation of 1.9% was applied to FY17 and FY18.

FY16 (10 months): \$9,661,646 (GR \$3,543,650; Federal \$6,117,996);

FY17: \$11,814,260 (GR \$4,333,175; Federal \$7,481,085);

FY18: \$12,038,732 (GR \$4,415,506; Federal \$7,623,226 ).

**Oversight** assumes that as MHN recipients access chiropractic care and therapy services provided by chiropractors there may be a decrease in the number of physician office visits. However, since the MHD cannot definitively estimate the number of chiropractic visits that will be incurred by recipients, or the potential reduction in physician office visits that may result from those chiropractic visits, Oversight will present the estimated costs provided by DSS-MHD.

Officials from the **Department of Health and Senior Services** and the **Department of Mental Health** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DSS-MHD</u>			
State share of increase in program expenditures for chiropractic care	<u>(\$3,543,650)</u>	<u>(\$4,333,175)</u>	<u>(\$4,415,506)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$3,543,650)</u></b>	<b><u>(\$4,333,175)</u></b>	<b><u>(\$4,415,506)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS-MHD</u>			
Increase in program reimbursements	\$6,117,996	\$7,481,085	\$7,623,226
<u>Costs - DSS-MHD</u>			
Increase in program expenditures	<u>(\$6,117,996)</u>	<u>(\$7,481,085)</u>	<u>(\$7,623,226)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal would have a direct, positive fiscal impact on small business chiropractors if they became MO HealthNet providers.

FISCAL DESCRIPTION

This proposal requires the MO HealthNet Division within the Department of Social Services to reimburse licensed chiropractors for specific services. These services include examinations, diagnoses, adjustments, manipulations and treatments in both inpatient and outpatient settings. If

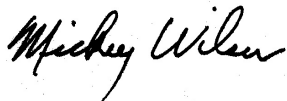
FISCAL DESCRIPTION (continued)

a chiropractor is specially certified by the Missouri Board of Chiropractic Examiners in the Division of Professional Registration within the Department of Insurance, Financial Institutions and Professional Registration, covered services may also include meridian therapy, acupressure, or acupuncture.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Mental Health  
Department of Health and Senior Services  
Department of Social Services -  
MO HealthNet Division



Mickey Wilson, CPA  
Director  
February 16, 2015

Ross Strobe  
Assistant Director  
February 16, 2015